

# Insurance and home business

If you operate a home-based business – either part-time or full-time – you might be uninsured and not realize it. Many home-based business owners mistakenly believe that their homeowner policy will provide coverage for their business operations and property.

It's true that your homeowner's policy may provide a limited amount of coverage for business-related personal property in the home. However, it may not provide full coverage for property loss or if someone sues you due to your negligence.

Don't wait until you have a loss to determine your coverage. Contact your insurance agent or broker to figure out your insurance needs before you have a loss.

## **Business-related losses typically covered under a homeowner's policy**

The typical homeowner's policy will cover a limited amount of business-related property. It also may cover a small amount of business activity, such as a boarder, or an in-home office with limited clients. However, homeowner policies generally include exclusions for business-related losses. It is very important to discuss your business with your agent or broker so they can make a complete assessment of your business insurance needs.

## **Types of coverage to consider**

If you operate a business in your home, there are several areas of risk you may want to think about to help protect you and your business. These include:

- Business-related personal property coverage (computers, furniture, etc.)
- Inventory
- Off-premises coverage for business-related personal property
- Business property of others
- Accounts receivable (up to a specified limit)
- Liability coverage, which may include personal injury, products and completed operations, incidental contractual liability, and general commercial liability
- Electronic data processing coverage
- Valuable papers
- Business interruption and extra expense

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If your business is unique or you have others working for you, you may have other risk factors that aren't listed above. Your agent or broker can help you determine your insurance needs.

## **How to find home-based business coverage**

Most insurance companies that offer homeowner coverage will also offer a "rider" or extension of your homeowner's policy. This broadens your coverage to include your home-based business.

However, if your business employs full-time employees or generates a sizeable income, you probably should think about more complete protection provided by a commercial policy. Commercial policies are separate from your homeowner policy. Your insurance agent or broker can help you decide your coverage needs and what coverage is available to you.

If you are a home-based business owner, you might also check within your community for trade groups and industry organizations for additional assistance. Often these groups can provide information and access to discount or specialized coverage tailored to your particular business needs.

### **The Office of the Insurance Commissioner can help you!**

If you have any questions or need additional information about your rights as an insurance consumer, call our Insurance Consumer Hotline at

**1-800-562-6900**

or visit our Web site at

**<http://www.insurance.wa.gov/>**